



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

June 13, 1994

Mr. Bob Shajary
Mine Manager
Georgia Pacific Corporation
P. O. Box 570080
Sigurd, Utah 84657

Re: Reclamation Surety Contract and Corporate Surety Bonds, Georgia Pacific Corporation, San Rafael - Eagle Canyon Quarry, M/015/050, Emery County, Utah

Dear Mr. Shajary:

The Division of Oil, Gas and Mining has received and reviewed your latest (February 7, 1994) reclamation surety bond (MR FORM-6) and Reclamation Contract (FORM - MR-RC). Please accept our apology for the unforeseen delay in preparing our response to your submittal. Over the past few months we have been negotiating and discussing some administrative concerns regarding joint agency bonding and surety forms with the State Office of the Bureau of Land Management. In addition, we have been coordinating with the Bureau of Land Management in determining the proper amount and form of reclamation surety for this mining operation.

We have noted a number of concerns with the forms provided by Georgia Pacific that will need to be corrected, before we can seek approval of the amount and form of reclamation surety from the Board of Oil, Gas and Mining. For your convenience, we have taken some new forms and made some of the necessary edits and corrections for you. The following changes/corrections have been retyped on new forms which are enclosed for your review and use.

1. Page 1, Reclamation Contract, item 3, "Disturbed Area". The 34 acre figure listed on this page differs from the 25 acre figure listed on the Division's reclamation surety estimate. The \$30,000 Surety Bond amount will cover approximately 20.5 acres of disturbance at our estimated average cost of \$1464/acre (1998 dollars). A 25 acre disturbance would require a \$36,600 surety amount in 1998 dollars. This acreage figure should reflect the actual amount of disturbed area being permitted and tie directly to the amount of surety posted.



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2. Page 2, Reclamation Contract, item 3, "Surety". Both surety bonds (and amounts) should be listed here; the surety filed with the BLM and DOGM. This reclamation contract agreement is tied to the total amount of surety posted to cover reclamation of the approved disturbed area.
3. Page 2, Reclamation Contract, item 4, "Surety Company". Both surety bond account numbers and the respective regulatory agency, should be listed here.
4. Page 2, Reclamation Contract, item 5, "Surety Amount". The total reclamation surety amount which includes both surety bonds should be listed here. In this case, a combined total of \$50,000 has been posted (\$20,000 - BLM, and \$30,000 - DOGM). The present amount is listed as \$30,000, DOGM amount only.
5. Page 2, Reclamation Contract, item 6, "Escalation Year". The escalation year has been calculated in 1998 dollars.
6. Page 3, Item #1, lists September 14, 1990, as the filing date for the original Notice of Intention and the original Reclamation Plan. A check of our file records indicates that the date should read November 19, 1990.
7. Page 1, Attachment B, MR FORM-6, Surety Bond, paragraph 1, line 4. This is a joint agency surety bond form which has a space provided for the cooperating agency's name. In this case it is the Bureau of Land Management. NA is not the appropriate response for this line item.
8. Page 1, Attachment B, MR FORM-6, Surety Bond, paragraph 1, line 5. The amount of reclamation surety is listed as \$30,000. Thirty thousand dollars is adequate to cover 20.5 acres of disturbance, not 34 acres as listed on line 2, of paragraph 2. The full \$50,000 amount should be listed if 34 acres is the accurate disturbed acreage, otherwise the disturbed acreage figure should be changed (20.5 acres) to reflect the \$30,000 surety amount.
9. Page 1, Attachment B, MR FORM-6, Surety Bond, paragraph 2, line 2. The approval date for the large mining operation will be filled in by the Division following formal Board approval of the amount and form of reclamation surety. Therefore, this section should remain blank. As noted under #8 above, the disturbed acreage figure (34 acres) should tie directly to the appropriate amount of calculated surety as listed on line 5, paragraph 1. In this case, 34 acres would require a \$50,000 surety amount.

The Division acknowledges the \$20,000 surety bond which has been filed with the Bureau of Land Management for this project. The Division was not listed as a joint owner/holder on that surety bond. Following recent discussions with the BLM state office bonding personnel, it is our understanding that there may be a technical problem or two with that bond as well. If possible, we (and the BLM) would prefer that a single surety bond be

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posted with this office for the entire \$50,000 amount. The surety would be made jointly payable to both agencies on our joint agency surety bond form. This would greatly simplify the reclamation bonding requirements and make it much easier to track and process. Again, please accept my apology for the unforeseen delay in forwarding this information to you. I hope it has not caused you or your company too much of an inconvenience. Please contact me directly if I can answer any questions you may have in this regard.

Sincerely,

Anthony D. Hedberg
for

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosure
cc: Opie Abeyta, BLM, State Office
Lowell Braxton, DOGM
M015050.sur

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/015/050</u>
(Mineral Mined)	<u>Gypsum</u>
"MINE LOCATION":	
(Name of Mine)	<u>San Rafael - Eagle Canyon Quarry</u>
(Description)	<u>T22S, R8E, Secs 24 & 25</u>
	<u>T22S, R9E, Secs 19 & 30</u>
	<u>Emery County, Utah</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>34 Acres</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>Georgia Pacific Corporation</u>
(Address)	<u>P.O. Box 570080</u>
	<u>Sigurd, Utah 84657</u>
(Phone)	<u>(801) 896-5406</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

Bob Shajary

(Address)

P. O. Box 570080

Sigurd, Utah 84657

(Phone)

(801) 896-5406

"OPERATOR'S OFFICER(S)":

Michael A. Vidan

"SURETY":

(Form of Surety - Attachment B)

Surety Bond - \$20,000 BLM

Surety Bond - \$30,000 DOGM

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Aetna Casualty and Surety Company

"SURETY AMOUNT":

(Escalated Dollars)

Bond # 9 - DOGM

Bond # - BLM

\$50,000

"ESCALATION YEAR":

1998 dollars

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Georgia Pacific Corporation the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/015/050 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated Nov. 19, 1990, and the original Reclamation Plan dated Nov. 19, 1990. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as

amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

Authorized Officer (Typed or Printed)

Authorized Officer's Signature

Date

SO AGREED this _____ day of _____, 19_____.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY _____

Dave D. Lauriski, Chairman
Utah State Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By _____
James W. Carter, Director

_____ Date

STATE OF _____)
_____) ss:
COUNTY OF _____)

On the _____ day of _____, 19 _____, personally
appeared before me, who being duly sworn did say that he/she, the said
_____ is the Director of the Division of
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she
duly acknowledged to me that he/she executed the foregoing document by
authority of law on behalf of the State of Utah.

Notary Public
Residing at: _____

My Commission Expires:

OPERATOR:

Georgia Pacific Corporation
Operator Name

By _____
Corporate Officer - Position

Date

Signature

STATE OF _____)
_____) ss:
COUNTY OF _____)

On the _____ day of _____, 19 _____, personally
appeared before me _____ who
being by me duly sworn did say that he/she, the said _____
is the _____ of _____
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
_____ duly acknowledged to me that said
company executed the same.

Notary Public
Residing at: _____

My Commission Expires:

SURETY:

Surety Company

By _____
Company Officer - Position

Date

Signature

STATE OF _____)
) ss:
COUNTY OF _____)

On the _____ day of _____, 19 _____, personally
appeared before me _____ who
being by me duly sworn did say that he/she, the said _____
is the _____ of _____
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
_____ duly acknowledged to me that said
company executed the same.

Notary Public

Residing at: _____

My Commission Expires:

NOTE: An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Contract.

ATTACHMENT "A"

Georgia Pacific Corporation
Operator

San Rafael - Eagle Canyon Quarry
Mine Name

M/015/050
Permit Number

Emery County, Utah

The legal description of lands to be disturbed is:

SW/4, SW/4, Section 19, Township 22 South, Range 9 East

SE/4, SE/4, Section 24, Township 22 South, Range 8 East

ATTACHMENT B

MR FORM 6
Joint Agency Bonding Form

(April 8, 1993)

~~XXXXXX~~ - BLM
Bond Number ~~XXXXXX~~ - DOGM
Permit Number M/015/050
Mine Name San Rafael - Eagle Cyn

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

THE MINED LAND RECLAMATION ACT

SURETY BOND

The undersigned Georgia-Pacific Corporation as Principal,
and The Aetna Casualty and Surety Company as Surety, hereby jointly and severally
bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of
Utah, Division of Oil, Gas and Mining, and Bureau of Land Management
in the penal sum of --Fifty-Thousand and 00/100----- dollars (\$ 50,000.00-----).

Principal has estimated in the Mining and Reclamation Plan approved by the
Division of Oil, Gas and Mining on the _____ day of _____, 19____, that _____
acres of land will be disturbed by this mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the
Reclamation Contract of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has
satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and
Reclamation Plan and has faithfully performed all requirements of the Mined Land Reclamation
Act, and complied with the Rules and Regulations adopted in accordance therewith, then this
obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the
disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and
regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by the Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Date: _____

Principal (Permittee)

By (Name typed): _____

Title: _____

Signature: _____

Date: _____

Surety

By: (Name Typed) _____

Title: _____

Signature: _____

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Joint Agency Surety Bond
Attachment B

BLM
Bond Number _____
Permit Number M/015/050
Mine Name San Rafael - Eagle Cyn

SO AGREED this _____ day of _____, 19_____.

Dave D. Lauriski, Chairman
Board of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety Company, such Power of Attorney must be filed with this bond. If the Principal is a corporation, the bond shall be executed by its duly authorized officer.

AFFIDAVIT OF QUALIFICATION

_____, being first duly sworn, on oath deposes and says that he/she is the (officer or agent) _____ of said Surety, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations.

Signed: _____
Surety Officer

Title: _____

Subscribed and sworn to before me this _____ day of _____, 19____.

Notary Public
Residing at: _____

My Commission Expires:

_____, 19____.